

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2017/2018

DIB5018 – INTRODUCTION TO INTERNATIONAL BUSINESS

(All sections / Groups)

3 MARCH 2018
2.30 PM – 4.30 PM
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **12** pages with 3 sections.
2. For Section A, please shade your answers on the OMR form provided.
3. For Section B and C, please write your answers in the answer booklet provided.
4. Answer **ALL** questions.

SECTION A: MULTIPLE CHOICE QUESTIONS (40 marks)

Instruction: Please shade your answers on the OMR sheet provided.

1. Business transactions in international business includes activities as below **EXCEPT** _____.
- A. buying and selling of raw materials across the countries
 - B. buying and selling of inputs or finished products across borders
 - C. borrowing money in host country to finance home country's operations
 - D. borrowing money in home country only
2. Domestic business can differ from international business for a number of reasons such as _____.
- I. currencies
 - II. cultures
 - III. legal systems
 - IV. skills and knowledge
- A. I and II.
 - B. II and III.
 - C. III and IV.
 - D. All of the above.
3. How international business can help business people to obtain cultural literacy?
- A. By realising the existence of different cultural backgrounds.
 - B. By urging business people to become pioneer in the latest business techniques.
 - C. By realising the existence of global competitors.
 - D. By providing knowledge and skills about machineries.
4. Purchases of foreign financial assets (stocks, bonds) for several purposes such as increasing the rate of return on a portfolio of assets.

Statement above is explaining about _____ business activity.

- A. foreign portfolio investment (FPI)
- B. foreign direct investment (FDI)
- C. international franchising
- D. international licensing

Continued...

5. Which of the following examples is **INCORRECT** pertaining to intellectual properties?

- A. Invention.
- B. Artistic works.
- C. Merchandise.
- D. Copyright.

6.

- Specialised form of international licensing.
- A firm in a country authorises a firm in a second country to utilise its operating systems, brand names, trademarks and logos.
- Involve royalty payment.

Statements above are explaining about _____ as other forms of international business activity.

- A. exporting
- B. international franchising
- C. international licensing
- D. international management contract

7. Globalisation has caused the world a/an _____ movement of GDP in the ratio of international trade to economic activities.

- A. stagnant
- B. decrease
- C. increase
- D. zero

8. Which of the following would be considered an international business transaction?

- A. Purchasing products in one country and assembling them in the same country.
- B. Recruiting employees domestically.
- C. Borrowing money from a major domestic bank to finance capital improvements.
- D. Shipping finished products from one country to another for retail sale.

9. Which of the following is **NOT** the indicator of a technological environment?

- A. The collapse of European communism.
- B. Advances in transportation.
- C. Improvements in information processing.
- D. Changes in communications technology.

Continued...

10. BRIC countries is one of the emerging markets and consist of _____.
- A. Bosnia
 - B. China
 - C. Colombia
 - D. Indonesia
11. Which of the following are **CORRECT** pertaining to the roles of U.S. dollar?
- I. As invoicing currency.
 - II. As foreign-currency reserve.
 - III. Used for half of all international transactions.
 - IV. Used by the European Union countries.
- A. I and II.
 - B. I, II and III.
 - C. II, III and IV.
 - D. I, II and IV.
12. Costa Rica and Panama are two countries in North America's marketplace that are classified as _____ income countries.
- A. higher
 - B. lower
 - C. upper-middle
 - D. lower-middle
- 13.
- Political instability.
 - Chronic U.S. military intervention.
 - Inadequate educational systems.
 - Weak middle class.
 - Poverty.
 - Import limitations.
- The above characteristics are clearly describing _____ country/countries.
- A. Central America and the Caribbean
 - B. Former Soviet Satellite States
 - C. 5 Central Asian Republics
 - D. Middle East

Continued...

14. Which of the following countries are called as Balkan countries?
- I. Bosnia and Herzegovina.
 - II. Monaco.
 - III. Andorra.
 - IV. Macedonia.
- A. I and II.
 - B. II and III.
 - C. III and IV.
 - D. I and IV.
15. Which one of the following countries is included in The 5 Central Asian Republics which share few common features such as using the same language and religion, possess scarce arable land and is under Russian influence?
- A. Turkmenistan.
 - B. Japan.
 - C. Montenegro.
 - D. Liechtenstein.
16. Below are the main factors for Japan's economic success **EXCEPT** _____.
- A. possess arable land
 - B. large network of "keiretsu"
 - C. relying on "sogo shosha"
 - D. guided by MITI in business
17.

More than a third of New Zealand's exports are attributable to its extensive pasture lands. These exports include dairy products, meat and wool.
- Pasture land from the text above can be defined as _____.
- A. large families of interrelated companies
 - B. land covered in grass and other low plants
 - C. land covered by mountains and deserts
 - D. large and privately owned conglomerates
18. Which of the following is **CORRECT** pertaining to South Korea?
- A. One of the world's slowest-growing economies.
 - B. No cooperation between the government and large conglomerates.
 - C. Country of origin for Samsung and Hyundai, known as chaebol.
 - D. In 2011, the merchandise exports accounted for 25% of its GDP.

Continued...

19. Hong Kong is attractive to international business because of the following features **EXCEPT** for its _____.
- A. deep and sheltered harbor
 - B. entrance point to the mainland China
 - C. highly educated and highly productive labor
 - D. fair degree of autonomy
20. Which of the following is **INCORRECT** pertaining to India?
- A. Widespread of corruption.
 - B. Infrastructure is overburdened.
 - C. Red tape is all over.
 - D. Russian influence.
21. When judges making decisions based on their wisdom on individual cases through history, the judges are practicing _____.
- A. civil law
 - B. common law
 - C. religious law
 - D. bureaucratic law
22. In the early 1990s, India was having a comprehensive sanction against all commerce with Nepal. This law that directly affecting international business transaction is called as _____.
- A. nationalisation
 - B. sanction
 - C. embargo
 - D. extraterritoriality
23. Privatisation frequently creates opportunities for international businesses because most state-owned entities are _____.
- A. untaxed
 - B. well-funded
 - C. unprofitable
 - D. well-staffed

Continued...

24. In November 2009, the president of Venezuela announced that he will use nationalisation to all international banks in the country. Nationalisation can be defined as _____.
- A. government takes possession of assets belonging to a foreign company
 - B. host government compensates the private owners for an asset
 - C. converting foreign currency into the currency of another country
 - D. constraints of foreign ownership
25. Mr. Hamse is a businessman from Somalia and he has conflict with Abiy company in Jordan. In order to resolve the conflict, Mr. Hamse and Abiy company agree to formally enforce their legal rights by hiring attorney to represent their interest. This dispute resolution technique is known as _____.
- A. negotiation
 - B. mediation
 - C. arbitration
 - D. litigation
26. In technological environment, technology transfer can be defined as _____.
- A. a risk that affects only a specific firm or firms within a specific industry
 - B. a firm's valuation of assets in the balance sheet
 - C. new technologies brought into new countries where they were not present before
 - D. benefits of attorney's services
27. What is the impact on capital markets due to the differences in accounting environment?
- A. Distort the measured performance of firms incorporated in different countries.
 - B. Affects all firms' ownership process.
 - C. Location of the employees are threatened through changes in laws.
 - D. Difficult to regulate business activities that are conducted outside the borders.
28. Which of the following is an **INCORRECT** statement pertaining to political risk?
- A. A firm is threatened through confiscation or expropriation.
 - B. Transmittal of technology from one country to another.
 - C. Government interferes with a firm's ability to shift funds into and out of the country.
 - D. Operations of a firm or the safety of its employees are threatened through changes in laws, tax codes and terrorism.

Continued...

29. In political risk, a _____ risk affects all firms in a country.
- A. taxation
 - B. technology
 - C. macropolitical
 - D. micropolitical
30. Any firm contemplating in entering a new market should acquire basic knowledge of that country's political risk. The firm need answers to questions such as _____.
- A. which technique should be used to resolve conflicts?
 - B. how does Italian firms use their accounting reserves?
 - C. what is the impact of a technological evolvement?
 - D. is the country practicing democracy or dictatorship?
31. What are the primary characteristics of culture?
- I. Learned behavior.
 - II. Unrelated.
 - III. Shared.
 - IV. Adaptive.
- A. I, II and III.
 - B. II, III and IV.
 - C. I, II and IV.
 - D. I, III and IV.
32. Which of the following is **CORRECT** pertaining to social structure?
- A. Social mobility tends to be higher in less stratified societies.
 - B. Societies are the same in the way they define family.
 - C. How individuals interact with each other within and between groups are the same.
 - D. The relative importance place on the individual's role within groups are the same.
33.

As a result of British economic and military dominance in the nineteenth century and U.S. dominance since World War II, English has emerged as the predominant common language of international business.

According to the statement above, what is the term **BEST** referred to English?

- A. Stratification.
- B. Communist.
- C. Homogeneity.
- D. Lingua Franca.

Continued...

34.

One person translates a document then a second person translates the translated version back into the original language.

The statement above is the technique used to avoid communication mistakes. What is the technique called?

- A. Arbitration.
 - B. Backtranslation.
 - C. Nonverbal.
 - D. Low-context.
35. Head nodding, pats on the back, slow walking etc. are the examples of _____.
- A. agreement signs
 - B. facial expressions
 - C. nonverbal communication
 - D. verbal signals
36. Which of the following countries is **NOT** a low-context culture country?
- A. Spain.
 - B. United States.
 - C. Scandinavia.
 - D. Germany.
37. Which of the following is **NOT** an element of culture?
- A. Values and attitudes.
 - B. Language.
 - C. Races.
 - D. Religions.
38. Canadian firms are more likely to enter British market by establishing joint ventures, meanwhile the Japanese firms are more likely to enter British market via a/an _____ investment, which is a brand-new investment.
- A. management contract
 - B. greenfield
 - C. franchising
 - D. exporting

Continued...

39.

- The use of word 'I' is more encouraged rather than the use of word 'we'.
- People are highly independent.
- Tasks are much more important than relationship.

Which Hofstede's Five Dimensions' extremes is explaining the above statement?

- A. Individualism.
- B. Power respect.
- C. Long term outlook.
- D. Uncertainty acceptance.

40. There are two ways business people could do to understand new cultures but the **BEST** approach is to use _____.

- A. self-reference criterion
- B. acculturation
- C. internationalisation
- D. joint ventures

[TOTAL 40 MARKS]

SECTION B: FILL IN THE BLANK QUESTIONS (10 marks)

Instruction: Please refer to the table below. Fill in the blanks with the most appropriate answer by writing the answers in the answer booklet provided.

Planet	Undifferentiated	Minimal	Infant	Trade
Oligopoly	Special	Domestic	Ethics	Price

41. _____ is a voluntary exchange of goods, services, assets or money between one person or organisation and another.
42. International trade such as imports can pressure _____ suppliers to cut their prices and improve their competitiveness.
43. In the early country-based theories, _____ is an important component of the customers' purchasing decision.
44. Products such as coal, petroleum products and sugar are _____ goods for which brand names and product reputations play a minor role at best in consumer purchase decisions.
45. Free trade implies that the national government exerts _____ influence on the exporting and importing decisions of private firms and individuals.
46. _____ Industry Theory promotes an economic policy that protects young industries in less developed economies until they become established.
47. An _____ is a market form in which a market or industry is dominated by a small number of sellers.
48. According to public choice analysis, _____ interest groups are willing to work harder to promote their interests.
49. The written statements of values and ethical standards that guide the firms' actions is called as formal codes of _____.
50. The Triple Bottom Line in corporate social responsibility (CSR) are people, _____ and profits.

[TOTAL 10 MARKS]

Continued...

SECTION C: STRUCTURED QUESTIONS (50 marks)

Instruction: Please write your answers in the answer booklet provided.

QUESTION 1

- (a) State the difference between direct exchange rate (direct quote) and indirect exchange rate (indirect quote). (2 marks)
- (b) Briefly explain:
- i. Theory of law of one price. (2 marks)
 - ii. Theory of purchasing power parity. (2 marks)
- (c) Define hard currencies and soft currencies. (4 marks)
- (d) The international bond market has traditionally consisted of two types of bonds. State, define and give example of the **TWO (2)** types of bond. (6 marks)

[TOTAL 16 MARKS]

QUESTION 2

- (a) List at least **THREE (3)** complexities that need to be dealt and understood by managers when developing an international strategy for international business. (3 marks)
- (b) In order to develop a business strategy, managers must conduct a 'strengths, weaknesses, opportunities and threats' (SWOT) analysis. Give **ONE (1)** example for each of the component in SWOT analysis in a business context. (4 marks)
- (c) Define the following corporate strategies. (3 marks)
- i. Single-Business Strategy.
 - ii. Related Diversification Strategy.
 - iii. Unrelated Diversification Strategy.
- (d) The three basic forms of business strategy are differentiation, overall cost leadership and focus. Explain these three business strategies. (6 marks)

[TOTAL 16 MARKS]

QUESTION 3

- (a) In order to make decision of an entry mode, international businesses must be aware of certain decision factors. List and explain the **THREE (3)** decision factors. (9 marks)
- (b) List **THREE (3)** advantages and disadvantages of an international franchising. (6 marks)
- (c) There are three methods for foreign market entry through foreign direct investment (FDI). List all the **THREE (3)** methods. (3 marks)

[TOTAL 18 MARKS]**End of page.**